

Basic Financial Statements

Statement of Net Assets

June 30, 2003 (in thousands of dollars)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 302,058	\$ 120,669	\$ 422,727
Cash with Fiscal Agent	40,889	11,502	52,391
Receivable (net of uncollectible amounts of \$9,302):			
Property Taxes and Penalties	5,117	-	5,117
Other Local Taxes	14,110	-	14,110
Intergovernmental	1,865	571	2,436
Charges for Services	-	12,998	12,998
Interest and Other	17,907	1,133	19,040
Internal Balances	259	(259)	-
Supplies Inventory	551	-	551
Total Current Assets	382,756	146,614	529,370
Restricted Cash, Cash Equivalents, and Investments Assets:			
Water and Sewer System Replacement	-	14,286	14,286
Acquisition and Construction Reserve Development Fees	-	2,435	2,435
Customer Advances/Deposits and Deferred Revenue	-	5,335	5,335
Total Restricted Cash, Cash Equivalents, and Investments Assets	-	22,056	22,056
Capital Assets:			
Land, Water Rights, and Construction in Progress	417,342	147,567	564,909
Facilities, Infrastructure, and Equipment (net of depreciation)	1,606,537	607,073	2,213,610
Total Capital Assets (net of accumulated depreciation)	2,023,879	754,640	2,778,519
Other Assets:			
Equity in Joint Venture	-	58,573	58,573
Deferred Charges	1,467	180	1,647
Total Other Assets	1,467	58,753	60,220
Total Noncurrent Assets	2,025,346	835,449	2,860,795
Total Assets	2,408,102	982,063	3,390,165
LIABILITIES			
Current Liabilities:			
Accounts Payable	10,030	5,441	15,471
Accrued Payroll and Benefits	6,752	706	7,458
Accrued Compensated Absences	1,993	226	2,219
Claims Payable	8,839	-	8,839
Due to Other Governments	696	-	696
Matured Bonds, Loans, Capital Leases, Other Payables	25,620	9,080	34,700
Matured Bonds, Loans, Capital Leases, Other Interest Payable	15,269	2,422	17,691
Unearned Revenue	2,059	-	2,059
Guaranty and Other Deposits	3,700	-	3,700
Other Liabilities	203	-	203
Total Current Liabilities	75,161	17,875	93,036
Liabilities Payable from Restricted Assets:			
Customer Advances and Deposits	-	1,250	1,250
Deferred Revenue	-	4,085	4,085
Total Liabilities Payable from Restricted Assets	-	5,335	5,335
Noncurrent Liabilities:			
Accrued Compensated Absences	11,495	1,345	12,840
Bonds, Loans, Capital Leases, and Other Payables-Due within One Year	33,254	5,097	38,351
Bonds, Loans, Capital Leases, and Other Payables-Due in More Than One Year	517,373	90,413	607,786
Total Noncurrent Liabilities	562,122	96,855	658,977
Total Liabilities	637,283	120,065	757,348
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,492,879	659,130	2,152,009
Restricted:			
Debt Service	29,822	-	29,822
Transportation and Preserve Privilege Tax Activities	54,747	-	54,747
Capital Projects	31,957	-	31,957
Grants	474	-	474
Streetlight and Service District	801	-	801
Water and Sewer System Replacement	-	14,286	14,286
Acquisition and Construction	-	2,435	2,435
Unrestricted	160,139	186,147	346,286
Total Net Assets	1,770,819	861,998	2,632,817

The notes to the financial statements are an integral part of this statement.

Statement of Activities

For the Year Ended June 30, 2003 (in thousands of dollars)

Function/Programs	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
General Government	\$ 23,926	\$ 11,402	\$ 215	\$ 264	\$ (12,045)	\$ -	\$ (12,045)
Police	54,469	4,227	1,223	357	(48,662)	-	(48,662)
Financial Services	7,883	-	-	-	(7,883)	-	(7,883)
Transportation	71,837	-	13,293	68,883	10,339	-	10,339
Community Services	52,222	3,405	6,487	613	(41,717)	-	(41,717)
Information Systems	11,901	-	-	-	(11,901)	-	(11,901)
Fire	18,127	-	-	-	(18,127)	-	(18,127)
Municipal Services	12,290	-	-	-	(12,290)	-	(12,290)
Citizen and Neighborhood Resources	2,433	-	1	-	(2,432)	-	(2,432)
Human Resources	3,601	-	-	-	(3,601)	-	(3,601)
Economic Vitality	6,421	-	-	-	(6,421)	-	(6,421)
Planning and Development	11,908	15,449	-	252	3,793	-	3,793
Streetlight and Services Districts	1,099	1,018	-	-	(81)	-	(81)
Interest on Long-term Debt	27,786	-	-	-	(27,786)	-	(27,786)
Total Governmental Activities	305,903	35,501	21,219	70,369	(178,814)	-	(178,814)
Business-Type Activities:							
Water Utility	50,406	66,626	-	15,414	-	31,634	31,634
Sewer Utility	22,862	25,316	-	11,412	-	13,866	13,866
Airport	2,476	2,424	-	1,661	-	1,609	1,609
Solid Waste	13,783	16,250	-	-	-	2,467	2,467
Total Business-Type Activities	89,527	110,616	-	28,487	-	49,576	49,576
Total Government	395,430	146,117	21,219	98,856	(178,814)	49,576	(129,238)
General Revenues:							
Taxes:							
Property Taxes					42,218	-	42,218
Sales and Use Taxes					117,151	-	117,151
Franchise Taxes					7,784	-	7,784
Intergovernmental:							
State Share Sales					15,853	-	15,853
State Revenue Sharing					21,574	-	21,574
Other					9,544	-	9,544
Interest and Investment Income					4,108	1,493	5,601
Other Revenue					4,718	1,672	6,390
Gain (Loss) on Sale of Capital Assets					42	(917)	(875)
Transfers					10,955	(10,955)	-
Total General Revenues, Special Items, and Transfers					233,947	(8,707)	225,240
Change in Net Assets					55,133	40,869	96,002
Net Assets - Beginning					1,715,686	821,129	2,536,815
Net Assets - Ending					1,770,819	861,998	2,632,817

The notes to the financial statements are an integral part of this statement.

Balance Sheet

Governmental Funds
June 30, 2003 (in thousands of dollars)

	General Fund	General Obligation Bond Debt Service	General CIP Construction Capital Project	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 74,065	\$ 8,641	\$ 82,110	\$ 111,356	\$ 276,172
Cash with Fiscal Agent	-	23,521	-	17,368	40,889
Receivables (net of allowance for uncollectibles):					
Interest	328	-	228	441	997
Privilege Tax	6,368	-	-	2,498	8,866
Hotel/Motel Tax	305	-	-	-	305
Property Tax	620	913	-	171	1,704
State Shared Sales Tax	1,359	-	-	-	1,359
Franchise Fee	1,769	-	-	-	1,769
Court Receivable	3,388	-	-	-	3,388
Highway User Tax	-	-	-	1,148	1,148
Auto Lieu Tax	663	-	-	-	663
Intergovernmental	-	-	335	1,119	1,454
Grants	7	-	-	404	411
Special Assessments	-	-	-	10,085	10,085
Note	4,000	-	-	-	4,000
Miscellaneous	2,372	-	20	185	2,577
Due from Other Funds	263	-	-	4,401	4,664
Supplies Inventory	169	-	-	-	169
Advances to Other Funds	1,191	-	107	-	1,298
Total Assets	\$ 96,867	\$ 33,075	\$ 82,800	\$ 149,176	\$ 361,918

(continued)

Balance Sheet

Governmental Funds

June 30, 2003 (in thousands of dollars)

	General Fund	General Obligation Debt Service	General CIP Construction Capital Project	Total Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 2,822	\$ -	\$ 1,529	\$ 5,024	\$ 9,375
Accrued Payroll	8,154	-	6	419	8,579
Due to Other Funds	-	-	-	4,512	4,512
Matured Bond Interest Payable	-	9,981	-	5,288	15,269
Matured Bonds Payable	-	13,540	-	12,080	25,620
Deferred Revenue					
Property Tax	371	548	-	97	1,016
Special Assessments	-	-	-	10,085	10,085
Court	3,388	-	-	-	3,388
Tax Audit	1,353	-	-	-	1,353
Intergovernmental	-	-	-	1,235	1,235
Other	4,244	-	-	580	4,824
Advances From Other Funds	-	-	-	1,191	1,191
Due to Other Governments	-	-	28	668	696
Guaranty and Other Deposits	3,161	-	-	539	3,700
Other	146	-	-	57	203
Total Liabilities	23,639	24,069	1,563	41,775	91,046
Fund Balances:					
Reserved for:					
Advances	1,191	-	-	-	1,191
Streetlight and Services Districts	801	-	-	-	801
Debt Service	-	9,006	-	4,664	13,670
Unreserved, reported in:					
General Fund - Designated	58,416	-	-	-	58,416
General Fund - Undesignated	12,820	-	-	-	12,820
Capital Projects Funds	-	-	81,237	78,184	159,421
Special Revenue Funds	-	-	-	24,553	24,553
Total Fund Balances	73,228	9,006	81,237	107,401	270,872
Total Liabilities and Fund Balances	\$ 96,867	\$ 33,075	\$ 82,800	\$ 149,176	\$ 361,918

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2003 (in thousands of dollars)

Fund Balances -Total Governmental Funds	\$ 270,872
---	------------

Amounts reported for governmental activities in the statement of net assets are different because (see Section II A):

Capital Assets used in governmental activities are not financial resources and; therefore, are not reported in the funds.	1,999,256
---	-----------

Bond issue costs are not financial resources and, therefore, are not reported in the funds.	1,467
---	-------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(561,844)
--	-----------

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	19,842
---	--------

Internal Service Funds are used by management to charge the costs of certain activities, such as, insurance and vehicles to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net assets.	<u>41,226</u>
--	---------------

Net Assets of Governmental Activities	<u><u>\$ 1,770,819</u></u>
---------------------------------------	----------------------------

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2003 (in thousands of dollars)

	General Fund	General Obligation Bond Debt Service	General CIP Construction Capital Project	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes - Local:					
Property	\$ 15,552	\$ 22,381	\$ -	\$ 3,650	\$ 41,583
Transaction Privilege	79,704	-	-	30,980	110,684
Transient Occupancy	6,688	-	-	-	6,688
Light and Power Franchise	5,147	-	-	-	5,147
Cable TV Franchise	2,440	-	-	-	2,440
Salt River Project In-Lieu	197	-	-	-	197
Fire Insurance Premium	414	-	-	-	414
Taxes - Intergovernmental:					
State-Shared Sales	15,853	-	-	-	15,853
State Revenue Sharing	21,574	-	-	-	21,574
Auto Lieu Tax	7,984	-	-	-	7,984
Highway User Tax	-	-	-	13,137	13,137
Local Transportation Assistance Fund	-	-	-	1,146	1,146
Business and Liquor Licenses	1,816	-	-	-	1,816
Charges for Current Services:					
Building and Related Permits	15,424	-	-	25	15,449
Recreation Fees	2,205	-	-	795	3,000
Westworld Equestrian Facility Fees	1,541	-	-	-	1,541
Fines, Fees and Forfeitures:					
Court Fines	4,151	-	-	1	4,152
Parking	213	-	-	-	213
Photo Radar	765	-	-	-	765
Court Enhancement	-	-	-	512	512
Library	405	-	-	-	405
Special Assessments	-	-	-	1,970	1,970
Property Rental	2,530	-	-	306	2,836
Interest Earnings	1,655	1	568	1,606	3,830
Intergovernmental:					
Federal Grants	7	-	-	7,993	8,000
State Grants	-	-	250	182	432
Miscellaneous	418	-	358	401	1,177
Developer Contributions	251	-	399	112	762
Streetlight and Services Districts	1,018	-	-	-	1,018
Contributions and Donations	5	-	5	429	439
Reimbursements from Outside Sources	300	-	479	253	1,032
Indirect Costs	8,045	-	-	-	8,045
Other	735	-	90	25	850
Total Revenues	197,037	22,382	2,149	63,523	285,091

(continued)

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2003 (in thousands of dollars)

	General Fund	General Obligation Debt Service	General Construction Capital Project	Total Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES					
Current:					
General Government	15,147	-	-	863	16,010
Police	51,570	-	-	801	52,371
Financial Services	7,752	-	-	-	7,752
Transportation	-	-	-	10,869	10,869
Community Services	41,785	-	-	7,165	48,950
Information Systems	7,386	-	-	-	7,386
Fire	17,745	-	-	-	17,745
Municipal Services	493	-	-	11,060	11,553
Citizen and Neighborhood Resources	2,445	-	-	1	2,446
Human Resources	3,372	-	-	3	3,375
Economic Vitality	6,268	-	-	-	6,268
Planning and Development	11,732	-	-	14	11,746
Streetlight and Services Districts	1,099	-	-	-	1,099
Debt Service:					
Principal	1,150	13,540	-	15,615	30,305
Interest and Fiscal Charges	1,784	17,335	-	10,640	29,759
Bond Issuance Costs	-	394	-	652	1,046
Capital Improvements	-	-	32,262	36,076	68,338
Total Expenditures	169,728	31,269	32,262	93,759	327,018
Excess (Deficiency) of Revenues Over Expenditures	27,309	(8,887)	(30,113)	(30,236)	(41,927)
OTHER FINANCING SOURCES (USES)					
Transfers in	7,753	9,040	38,868	51,780	107,441
Transfers out	(38,402)	-	(31)	(53,149)	(91,582)
Refunding Bonds Issued	-	72,000	-	30,570	102,570
Long-term Capital-Related Debt Issued	-	-	-	12,165	12,165
Premium on Bonds Issued	-	4,881	-	1,403	6,284
Payment to Bond Refunding Escrow Agent	-	(76,477)	-	(31,600)	(108,077)
Sale of Capital Assets	199	-	-	225	424
Total Other Financing Sources and (Uses)	(30,450)	9,444	38,837	11,394	29,225
Net Change in Fund Balances	(3,141)	557	8,724	(18,842)	(12,702)
Fund Balances - Beginning	76,369	8,449	72,513	126,243	283,574
Fund Balances - Ending	\$ 73,228	\$ 9,006	\$ 81,237	\$ 107,401	\$ 270,872

The notes to the financial statements are an integral part of this statement.

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2003 (in thousands of dollars)

Net Change in Fund Balances - Total Governmental Funds	\$ (12,702)
--	-------------

Amounts reported for governmental activities in the statement of activities are different because (see Section II B):

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(12,702)
--	----------

Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	59,888
---	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.	885
---	-----

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,121
--	-------

Bond issue costs are expended in the governmental funds when paid, and are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceed amortization expense in the current period.	904
--	-----

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net assets. This is the amount by which bond proceeds exceeded principal retirement in the current period.	17,363
--	--------

Additional accrued interest calculated on bonds and notes payable.	2,115
--	-------

The net revenues of certain activities of internal service funds is reported with governmental activities.	(4,739)
--	---------

Changes in Net Assets of Governmental Activities	\$ 55,133
--	-----------

The notes to the financial statements are an integral part of this statement.

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2003 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts	Variance Between
	Original	Final	Budgetary Basis	Differences	GAAP Basis	Final Budget and Actual Amounts Budgetary Basis
REVENUES						
Taxes - Local:						
Property	\$ 15,410	\$ 15,410	\$ 15,552	\$ -	\$ 15,552	\$ 142
Transaction Privilege	84,047	84,047	79,704	-	79,704	(4,343)
Transient Occupancy	7,600	7,600	6,688	-	6,688	(912)
Light and Power Franchise	5,641	5,641	5,147	-	5,147	(494)
Cable TV Franchise	2,114	2,114	2,440	-	2,440	326
Salt River Project In-Lieu	203	203	197	-	197	(6)
Fire Insurance Premium	210	210	414	-	414	204
Taxes - Intergovernmental:						
State-Shared Sales	15,794	15,794	15,853	-	15,853	59
State Revenue Sharing	21,049	21,049	21,574	-	21,574	525
Auto Lieu Tax	-	6,700	7,984	-	7,984	1,284
Business and Liquor Licenses	1,705	1,705	1,816	-	1,816	111
Charges for Current Services:						
Building and Related Permits	15,500	15,500	15,424	-	15,424	(76)
Recreation Fees	2,130	2,130	2,205	-	2,205	75
Westworld Equestrian Facility Fees	1,300	1,300	1,541	-	1,541	241
Fines, Fees and Forfeitures:						
Court Fines	3,465	3,465	4,151	-	4,151	686
Parking	137	137	213	-	213	76
Photo Radar	1,150	1,150	765	-	765	(385)
Library	446	446	405	-	405	(41)
Property Rental	3,107	3,107	2,530	-	2,530	(577)
Interest Earnings	3,000	3,000	3,465	(1,810)	1,655	465
Intergovernmental:						
Federal Grants	-	-	-	7	7	-
Miscellaneous	-	-	-	418	418	-
Developer Contributions	-	-	-	251	251	-
Streetlight and Services Districts	500	500	450	568	1,018	(50)
Contributions and Donations	-	-	-	5	5	-
Reimbursements from Outside Sources	190	190	300	-	300	110
Indirect Costs	8,045	8,045	8,045	-	8,045	-
Other	1,766	1,766	735	-	735	(1,031)
Total Revenues	194,509	201,209	197,598	(561)	197,037	(3,611)
EXPENDITURES						
Current:						
General Government	16,285	16,326	14,972	175	15,147	1,354
Police	51,304	52,125	51,172	398	51,570	953
Financial Services	7,521	7,630	7,630	122	7,752	-
Community Services	43,277	43,513	41,635	150	41,785	1,878
Information Systems	7,578	7,578	7,369	17	7,386	209
Fire	17,917	17,916	17,745	-	17,745	171
Municipal Services	588	588	385	108	493	203
Citizen and Neighborhood Resources	2,785	2,782	2,436	9	2,445	346
Human Resources	3,459	3,459	3,358	14	3,372	101
Economic Vitality	6,531	6,445	6,263	5	6,268	182
Planning and Development	13,188	13,188	11,546	186	11,732	1,642
Streetlight and Services District	500	500	531	568	1,099	(31)
Debt Service						
Principal	1,283	1,283	1,150	-	1,150	133
Interest and Fiscal Charges	2,592	2,592	1,784	-	1,784	808
Total Expenditures	174,808	175,925	167,976	1,752	169,728	7,949
Excess (Deficiency) of Revenues Over Expenditures	19,701	25,284	29,622	(2,313)	27,309	4,338
OTHER FINANCING SOURCES (USES)						
Transfers In	7,627	7,627	7,753	-	7,753	126
Transfers Out	(27,328)	(32,911)	(38,402)	-	(38,402)	(5,491)
Sale of Capital Assets	-	-	199	-	199	199
Total Other Financing Sources and (Uses)	(19,701)	(25,284)	(30,450)	-	(30,450)	(5,166)
Net Change in Fund Balances	-	-	(828)	(2,313)	(3,141)	(828)
Fund Balances - Beginning	-	-	76,369	-	76,369	76,369
Fund Balances - Ending	\$ -	\$ -	\$ 75,541	\$ (2,313)	\$ 73,228	\$ 75,541

The notes to the financial statements are an integral part of this statement.

General Fund

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2003 (in thousands of dollars)

Explanation of Differences:

Items recorded as revenues for GAAP purposes that are not recorded for budget purposes:

Enhanced Municipal Services District	\$	568
Unrealized Loss on Investments		(1,810)
Miscellaneous Items		<u>681</u>
Total Revenue Reconciling Items:		<u>(561)</u>

The City budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Enhanced Municipal Services District	568
Claims and Compensated Absences	1,157
Bad Debt Expense	<u>27</u>
Total Expenditure Reconciling Items:	<u>1,752</u>

Net Increase/(Decrease) in Fund Balance - Budget to GAAP	\$	<u><u>(2,313)</u></u>
--	----	-----------------------

The notes to the financial statements are an integral part of this statement.

Statement of Net Assets

Proprietary Funds

June 30, 2003 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds	Governmental Activities - Internal Service Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 117,640	\$ -	\$ 3,029	\$ 120,669	\$ 25,886
Cash with Fiscal Agent	11,218	-	284	11,502	-
Receivable (net of allowance for uncollectibles):					
Property Tax	-	-	-	-	25
Accounts	10,677	-	2,321	12,998	-
Grants	-	571	-	571	-
Interest	507	-	12	519	-
Miscellaneous	429	137	48	614	98
Due from other funds	-	-	-	-	150
Supplies Inventory	-	-	-	-	382
Total Current Assets	140,471	708	5,694	146,873	26,541
Noncurrent Assets:					
Restricted Cash, Cash Equivalents, and Investments:					
Water and Sewer System Replacement	14,286	-	-	14,286	-
Development Fees	2,435	-	-	2,435	-
Customer Advances/Deposits and Deferred Revenue	5,280	55	-	5,335	-
Subtotal	22,001	55	-	22,056	-
Capital Assets:					
Land	3,242	9,564	1,110	13,916	-
Water Rights	64,688	-	-	64,688	-
Water System	464,513	-	-	464,513	-
Sewer System	303,614	-	-	303,614	-
Buildings and Improvements	-	11,309	2,997	14,306	1,846
Motor Vehicles	-	-	-	-	45,233
Machinery and Equipment	3,873	73	2,017	5,963	828
Furniture and Fixtures	698	-	-	698	22
Construction in Progress	66,326	2,637	-	68,963	683
Less Accumulated Depreciation	(176,362)	(4,088)	(1,571)	(182,021)	(23,989)
Total Capital Assets (net of accumulated depreciation)	730,592	19,495	4,553	754,640	24,623
Other Assets:					
Equity in Joint Venture	58,573	-	-	58,573	-
Deferred Charges	180	-	-	180	-
Total Other Assets	58,753	-	-	58,753	-
Total Noncurrent Assets	811,346	19,550	4,553	835,449	24,623
Total Assets	\$ 951,817	\$ 20,258	\$ 10,247	\$ 982,322	\$ 51,164

(continued on next page)

Statement of Net Assets

Proprietary Funds

June 30, 2003 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 4,887	\$ 246	\$ 308	\$ 5,441	\$ 655
Accrued Payroll and Benefits	501	29	176	706	118
Accrued Compensated Absences	156	10	60	226	48
Due to Other Funds	-	152	-	152	-
Claims Payable	-	-	-	-	8,839
Matured Bonds Payable	8,850	-	230	9,080	-
Matured Bond Interest Payable	2,368	-	54	2,422	-
Total Current Liabilities	16,762	437	828	18,027	9,660
Current Liabilities Payable from Restricted Assets:					
Customer Advances and Deposits	1,195	55	-	1,250	-
Deferred Revenue	4,085	-	-	4,085	-
Total Current Liabilities Payable from Restricted Assets:	5,280	55	-	5,335	-
Noncurrent Liabilities:					
Accrued Compensated Absences	928	64	353	1,345	278
Advances from Other Funds	-	107	-	107	-
Bonds Payable - Due within One Year	4,852	-	245	5,097	-
Bonds Payable - Due in More Than One Year	88,673	-	1,740	90,413	-
Total Noncurrent Liabilities	94,453	171	2,338	96,962	278
Total Liabilities	116,495	663	3,166	120,324	9,938
NET ASSETS					
Invested in Capital Assets, Net of Related Debt Restricted for Water and Sewer	637,067	19,495	2,568	659,130	24,623
System Replacement	14,286	-	-	14,286	-
Restricted for Acquisition and Construction	2,435	-	-	2,435	-
Unrestricted	181,534	100	4,513	186,147	16,603
Total Net Assets	\$ 835,322	\$ 19,595	\$ 7,081	\$ 861,998	\$ 41,226

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2003 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Operating Revenues					
Charges for Sales and Services:					
Water Service Fees	\$ 63,411	\$ -	\$ -	\$ 63,411	\$ -
Sewer Service Fees	25,316	-	-	25,316	-
Reclaimed Water Distribution	2,329	-	-	2,329	-
Groundwater Treatment Plant	886	-	-	886	-
Solid Waste Fees	-	-	16,250	16,250	-
Airport Fees	-	2,424	-	2,424	-
Other Services	-	-	-	-	18,509
Other	1,672	-	-	1,672	490
Total Operating Revenues	93,614	2,424	16,250	112,288	18,999
Operating Expenses					
Costs for Sales and Services:					
Water Operations	29,727	-	-	29,727	-
Sewer Operations	11,355	-	-	11,355	-
Solid Waste Operations	-	-	11,822	11,822	-
Airport Operations	-	1,310	-	1,310	-
Other Services	-	-	-	-	14,717
Indirect Costs	5,909	489	1,647	8,045	-
Depreciation and Amortization	20,746	677	202	21,625	5,720
Total Operating Expenses	67,737	2,476	13,671	83,884	20,437
Operating Income (Loss)	25,877	(52)	2,579	28,404	(1,438)
Non-Operating Revenues (Expenses)					
Property Tax	-	-	-	-	649
Investment Income	1,450	1	42	1,493	278
Interest Expense	(5,531)	-	(112)	(5,643)	-
Gain (Loss) on Sale of Fixed Assets	(628)	(289)	-	(917)	137
Net Non-Operating Revenues (Expenses)	(4,709)	(288)	(70)	(5,067)	1,064
Income (Loss) Before Contributions and Transfers	21,168	(340)	2,509	23,337	(374)
Capital Contributions	26,826	1,661	-	28,487	539
Transfers In	15	-	-	15	280
Transfers Out	(9,570)	(334)	(1,066)	(10,970)	(5,184)
Change in Net Assets	38,439	987	1,443	40,869	(4,739)
Total Net Assets - Beginning	796,883	18,608	5,638	821,129	45,965
Total Net Assets - Ending	\$ 835,322	\$ 19,595	\$ 7,081	\$ 861,998	\$ 41,226

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2003 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 91,652	\$ 2,417	\$ 16,181	\$ 110,250	\$ 18,509
Cash Paid to Suppliers	(39,764)	(1,019)	(9,514)	(50,297)	(11,886)
Cash Paid to Employees	(9,965)	(693)	(4,094)	(14,752)	(2,794)
Other Operating	1,671	135	(22)	1,784	476
Net Cash Provided by Operating Activities	43,594	840	2,551	46,985	4,305
Cash Flows from Non-Capital Financing Activities:					
Property Tax	-	-	-	-	644
Transfers In	15	-	-	15	280
Transfers Out	(9,570)	(334)	(1,066)	(10,970)	(5,184)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(9,555)	(334)	(1,066)	(10,955)	(4,260)
Cash Flows from Capital and Related Financing Activities:					
Capital Contributions from Other:					
Water and Sewer Development Fees	17,648	-	-	17,648	-
Capital Grants	-	1,850	-	1,850	-
Acquisition and Construction of Property and Equipment	(35,028)	(2,312)	-	(37,340)	(3,777)
Principal Payments on Capital Debt	(7,467)	-	(220)	(7,687)	-
Interest Paid on Capital Debt	(5,781)	-	(117)	(5,898)	-
Sale of Fixed Assets	60	-	-	60	216
Net Cash Provided by (Used for) Capital and Related Financing Activities	(30,568)	(462)	(337)	(31,367)	(3,561)
Cash Flows from Investing Activities:					
Proceeds from the Sale of investments	-	-	14	14	-
Income Received on Investments	2,353	11	38	2,402	378
Net Cash Provided by Investing Activities	2,353	11	52	2,416	378
Net Increase (Decrease) in Cash and Cash Equivalents	5,824	55	1,200	7,079	(3,138)
Cash and Cash Equivalents at Beginning of Year	145,035	-	1,956	146,991	29,024
Cash and Cash Equivalents at End of Year	\$ 150,859	\$ 55	\$ 3,156	\$ 154,070	\$ 25,886

The notes to the financial statements are an integral part of this statement.

(continued on next page)

Statement of Cash Flows

Proprietary Funds

(Continued)

For the Year Ended June 30, 2003 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds	Governmental Activities - Internal Service Funds
Cash and Cash Equivalents at End of Year Includes:					
Cash and Investments	\$ 117,640	\$ -	\$ 3,029	\$ 120,669	\$ 25,886
Deduction for Long-term Investments	-	-	(157)	(157)	-
Cash with Fiscal Agent	11,218	-	284	11,502	-
Restricted Cash and Investments	22,001	55	-	22,056	-
Total Cash and Cash Equivalents	\$ 150,859	\$ 55	\$ 3,156	\$ 154,070	\$ 25,886
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 25,877	\$ (52)	\$ 2,579	\$ 28,404	\$ (1,438)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and Amortization	20,746	677	202	21,625	5,720
Changes In Assets and Liabilities					
Sources (Uses) of Cash:					
Accounts Receivable	(730)	-	(69)	(799)	(14)
Miscellaneous Receivables	(2)	(124)	(22)	(148)	-
Supplies Inventory	-	-	-	-	86
Accounts Payable	(2,732)	88	-	(2,644)	(401)
Accrued Payroll	(6)	(1)	(139)	(146)	(67)
Claims Payable	-	-	-	-	419
Deferred Revenue	408	(13)	-	395	-
Due to Other Funds	-	152	-	152	-
Advances From Other Funds	-	107	-	107	-
Other Liabilities	33	6	-	39	-
Total Adjustments	17,717	892	(28)	18,581	5,743
Net Cash Provided by Operating Activities	\$ 43,594	\$ 840	\$ 2,551	\$ 46,985	\$ 4,305
Supplemental Disclosure of Non-Cash Financing Activities:					
Additions to Property, Plant, and Equipment					
Contributions from Developers	\$ 8,825	\$ -	\$ -	\$ 8,825	\$ -
Contributions from Other Government Units	-	-	-	-	539
Amortization of Deferred Charges	82	-	-	82	-
Accumulated Accretion	828	-	-	828	-
Increase (Decrease) in Fair Value of Investments	(422)	(1)	(10)	(433)	(27)
Loss on Sale of Fixed Assets	(688)	(289)	-	(977)	(79)
Total Non-Cash Financing Activities	\$ 8,625	\$ (290)	\$ (10)	\$ 8,325	\$ 433

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2003 (in thousands of dollars)

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 704	\$ 534
Interest Receivable	3	-
Total Assets	<u>\$ 707</u>	<u>\$ 534</u>
LIABILITIES		
Accounts Payable	\$ 3	\$ 70
Designated Escrow Payable	-	464
Total Liabilities	<u>3</u>	<u>534</u>
NET ASSETS		
Held in Trust for Other Purposes	<u>\$ 704</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended June 30, 2003 (in thousands of dollars)

	Private Purpose Trust Funds
ADDITIONS	
Contributions:	
Private Donations	\$ 310
Investment Earnings:	
Interest	26
Total Additions	336
DEDUCTIONS	
Scholarships	6
Redevelopment Expenses	359
Total Deductions	365
Change in Net Assets	(29)
Net Assets - Beginning	733
Net Assets - Ending	\$ 704

The notes to the financial statements are an integral part of this statement.